

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Investigation into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator, Inc.

Case No. 2003-00266

RECEIVED

FEB 25 2005

PUBLIC SERVICE
COMMISSION

**Midwest ISO's Response to
the LG&E/KU's 2/23/05 Motion**

The Midwest Independent Transmission System Operator, Inc. ("the Midwest ISO") hereby responds to the Motion filed on behalf of Louisville Gas and Electric Company and Kentucky Utilities ("LG&E/KU" or "the Companies") on February 23, 2005:

1. The Midwest ISO has reviewed the benefit-cost analysis that it filed with the Commission on February 21, 2005, and confirms that the model runs included the Wilson unit in the Companies' resource portfolio. The inclusion of this unit was unintentional and erroneous. The Midwest ISO will endeavor to complete a benefit-cost analysis that excludes the Wilson unit from the Companies' resource portfolio by the deadline suggested by LG&E/KU. The Midwest ISO has already begun an expedited schedule to complete new runs that exclude the Wilson unit so that it may file corrected testimony as soon as possible. These runs will correct identified mistakes only, without updating other inputs. So that it might have adequate time to complete this corrected analysis and testimony, the Midwest ISO respectfully requests that the Commission establish a new procedural schedule in this matter allowing the Midwest ISO to serve its corrected testimony via an overnight courier service on March 3, 2005, for delivery the next day to counsel of record and for filing with the Commission.

2. The LG&E/KU-proposed schedule includes data requests and responses relating to the Midwest ISO testimony, but not the LG&E/KU rebuttal testimony. The schedule set by the Commission in its Order of February 4, 2005 did not allow any parties to submit data requests — allowing only for additional Midwest ISO testimony, additional LG&E/KU rebuttal, and then a hearing. This one-sided discovery round, however, was added at the Companies’ request — lengthening the procedural schedule — in the Order of February 17, 2005.

In the interest of equity and fairness to all parties involved in this matter, the Midwest ISO requests that the procedural schedule be modified to allow for discovery of information related to the Companies’ rebuttal testimony as well. As such, the Midwest ISO requests that the Commission adopt the following procedural schedule:

- The Midwest ISO shall file a benefit-cost analysis excluding the Wilson Unit no later than 03/03/05
- All data requests to the Midwest ISO on its additional rebuttal testimony shall be filed no later than 03/11/05
- Midwest ISO shall respond to data requests on its additional rebuttal testimony no later than..... 03/18/05
- LG&E and KU shall final any additional supplemental rebuttal testimony in verified prepared form no later than..... 03/25/05
- All data requests to LG&E and KU on its supplemental rebuttal testimony shall be filed no later than 04/08/05
- LG&E and KU shall respond to data requests on its additional supplemental rebuttal testimony no later than..... 04/15/05
- Public Hearing shall begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission’s offices at 211 Sower Boulevard, Frankfort, Kentucky (to be scheduled)

This procedural schedule is similar to the one established by the Commission in its order dated December 2, 2004, and would ensure that all parties to this investigation have adequate opportunity to submit data requests on additional rebuttal testimony submitted by the Midwest ISO and the Companies.

3. In response to the Commission's order of February 24, 2005, setting the public hearing for this matter on March 29, 2005, the Midwest ISO proposes that this date be vacated and another date be set after consultation with all parties as to the availability of witnesses. Pursuant to the proposed schedule above, the Midwest ISO requests that the Commission allow all parties at least seven days to review any responses to data requests filed by LG&E and KU on April 15, 2005. As such, the Midwest ISO respectfully suggests that the public hearing be held during the week of April 25 through April 29, 2005.

WHEREFORE, the Midwest ISO respectfully requests:

- a. That the Commission permit the Midwest ISO to file corrected testimony from Dr. McNamara and a corrected benefit-cost analysis;
- b. That the Commission adopt the schedule proposed herein and allow the Midwest ISO to serve and file the aforementioned corrected testimony and benefit-cost analysis via an overnight courier service on March 3, 2005, for delivery the next day to counsel of record and to the Commission for filing;
- c. That the Commission vacate the March 29, 2005 hearing date established by its 2/24/05 Order and schedule hearing dates that are convenient for all of the parties involved in this investigation and consistent with the proposed revisions to the procedural schedule submitted herein. The Midwest ISO requests that, before

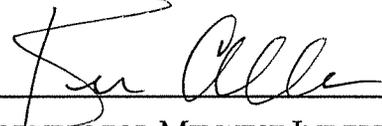
setting a new hearing date, the Commission and the parties of record consult regarding dates that would ensure that every witness will be available to testify before the Commission, including Dr. McNamara.

Respectfully submitted,

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CERTIFICATE OF FILING AND SERVICE

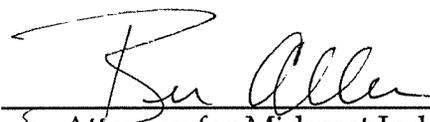
I hereby certify that on this the 25th day of February, 2005, the original and ten (10) copies of the foregoing, were hand-delivered to the Commission for filing. A copy of the foregoing has also been sent by first-class U.S. mail to:

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